



DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Regulatory Commission of Alaska

Sean Parnell, Governor
Emil Notti, Commissioner
Robert M. Pickett, Chairman

March 5, 2010

In reply refer to: Finance Section
File: PC38-1209
LO#: L1000070

Tom D Nicolos
Power Systems Manager
North Slope Borough Power & Light
P.O. Box 69
Barrow, AK 99723

Dear Mr. Nicolos:

On March 4, 2010, the Commission approved updated **Permanent** PCE levels in cents per kilowatt-hour (¢/kWh) for North Slope Borough Power & Light (NSPL), for the listed classes of customers as follows:

Residential	
Nuiqsut	0.00¢
All others	0.88¢
Community Facilities 0-1,000kWh	5.88¢
Community Facilities 1,001-10,000kWh	20.88¢

The revised PCE levels are due to Commission approval of NSPL's Annual Update submitted on January 4, 2010. The new PCE levels are effective for billings rendered after March 4, 2010. For your reference, copies of the Commission Staff's recommendations and schedules are attached as an Appendix.

The Commission reminds NSPL of its continued obligation under the PCE legislation to provide its customers with the notice specified in AS 42.45.120 or similar notice approved by the Alaska Energy Authority.

The Commission also reminds NSPL of its obligation under 3 AAC 52.620 and 3 AAC 52.640 to notify the Commission of any change in its rates, surcharges, and/or efficiency of operation and advises NSPL that failure to comply with those requirements could jeopardize its continued participation in the program.

Letter Order-NSPL
Page 2 of 2
March 5, 2010

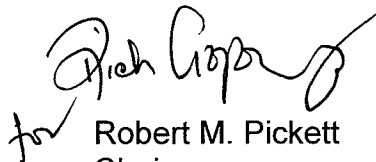
If NSPL believes that the calculation used to establish the PCE level in this Letter Order is incorrect, it should seek reconsideration setting forth why it believes the calculation is in error. Any reconsideration request must be submitted within 15 days of the date of this Letter Order.

If you have any questions regarding the calculation of PCE levels, please contact Utility Financial Analyst John White at (907) 276-6222.

BY DIRECTION OF THE COMMISSION

Sincerely,

REGULATORY COMMISSION OF ALASKA


for Robert M. Pickett
Chairman

cc: Jeffery Williams, Alaska Energy Authority

STATE OF ALASKA

**DEPARTMENT OF COMMERCE,
COMMUNITY & ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA**

SEAN PARNELL, GOVERNOR

701 WEST EIGHT AVENUE, SUITE 300
ANCHORAGE, ALASKA 99501-3469
PHONE: (907) 276-6222
FAX: (907) 276-0160
TTY: (907) 276-4533
WEBSITE: <http://rca.alaska.gov>

DATE: March 5, 2010

INVOICE#: 38-1209

DATE DUE: April 4, 2010

Tom Nicolos
Power Systems Manager
North Slope Borough Power & Light
P.O. Box 69
Barrow, AK 99723

Fee for Commission Staff analysis and recommendations Re:

FILE #: PC38-1209

LO #: L1000070

Annual Update under the Power Cost Equalization Program

Amount Due :	\$ 471
--------------	---------------

TOTAL AMOUNT DUE:	\$ 471
-------------------	---------------

MAKE CHECK PAYABLE TO: **STATE OF ALASKA**

PLEASE REMIT CHECK AND COPY OF THIS INVOICE TO:

**REGULATORY COMMISSION OF ALASKA
701 W. 8TH AVE., SUITE 300
ANCHORAGE, AK 99501-3469**

If you have any questions, please contact Joyce McGowan at (907) 263-2132 or
joyce.mcgowan@alaska.gov.

North Slope Borough Power & Light

FILE #: PC38-1209

Amount Due: \$ 471

LO #: L1000070

Check Number _____

Please tear along dotted line and submit payment with bottom portion. Thank you.

**UNREGULATED UTILITY
POWER COST EQUALIZATION MEMORANDUM**

Date: March 4, 2010

File No.: PC38-1209

Date Filed: January 4, 2010

Name of Utility: North Slope Borough Power & Light Cert. No. 254

- ☒ Annual Update
☒ Fuel Cost Update
☐ Base Rate Change
☐ Other _____

- ☐ COPA Review
☐ Non-Fuel Cost Change
☐ kWh Sales Change

STAFF RECOMMENDATIONS: Approval of updated Permanent PCE levels (see Attached memo)

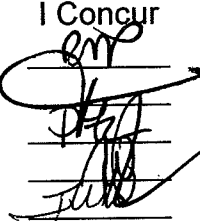
PCE LEVEL SUMMARY	Previously Approved	Utility Requested	Staff Recommended
PCE LEVELS (In Cents/kWh)	<u>Date Approved:</u> July 16, 2009		
(See Attachment 1)			

Signed : Kevin AufDerHeide



Utility Financial Analyst

Commission decision re. this recommendation:

	Date (if different from 3/4/10)	I Concur	I Do Not Concur	I Will Write A Dissenting Statement *
Pickett	_____		_____	_____
Giard	_____		_____	_____
Lisankie	_____		_____	_____
Patch	_____		_____	_____
Wilson	_____		_____	_____

Special Instructions to Staff:

* If this column is initialed, Staff will contact the Commissioner for the statement, otherwise, dissent will simply be noted at the close of the By Direction Letter or Order.

Memorandum

TO: Robert Pickett, Chairman
Kate Giard
Paul Lisankie
T.W. Patch
Janis Wilson

DATE: March 4, 2010

FROM: Kevin AufDerHeide
Utility Financial Analyst

RE: North Slope Borough
Power & Light
(NSPL) PC38-1209

Recommendations

1. The updated PCE levels should be effective for billings rendered after March 4, 2010.
2. Approval should be: ☒ Permanent ☐ Interim
3. Standard reminder language for notice specifications, efficiency, rate changes, and fuel cost updates should be included in the By Direction Letter to the utility.

Background

On January 4, 2010, North Slope Borough Power and Light (NSPL) filed its annual update of eligible power costs for the test year ending June 30, 2009 (FY09). Staff's contact for this filing was Mr. Mark Hermon, Government Accountant for the North Slope Borough (NSB). This filing also contains updated fuel cost calculations for the seven locations¹ served by NSPL. NSPL submitted the Comprehensive Annual Financial Report of the NSB Borough for July 1, 2008, through June 30, 2009, an internally created trial balance, and an internally created fuel cost calculation, with invoices for all fuel purchases made for the

¹ The seven locations served by North Slope Borough and Light are: Anaktuvuk Pass, Point Hope, Nuiqsut, Point Lay, Wainwright, Kaktovik, and Atkasuk.

seven service areas. Staff recommends acceptance of this filing with the following exceptions:

- 1 adjustment to non-fuel costs.
- 1 adjustment to gallons consumed.
- 1 adjustment to kWh sold.

Summary

NSPL's PCE levels are calculated by grouping non-fuel costs for each area, and then adding area-wide non-fuel costs on a proportional basis for each service area. The average of these non-fuel costs are then added to the fuel costs, which are calculated individually for each area, this results in seven individual PCE calculations. Non-fuel costs per kWh have increased 11.67¢/kWh from 11.93¢/kWh (prior approved) to 23.60¢/kWh (FY09). The average fuel cost has decreased 17.87¢/kWh from 47.66¢/kWh (prior approved) to 29.79¢/kWh. The average total cost has decreased 6.21¢/kWh from 59.59¢/kWh to 53.38¢/kWh. The majority of the decreases in total eligible costs above are largely due to a decrease in non-fuel costs per kWh. After Staff's proposed adjustments, NSPL's total eligible costs per kilowatt-hour (kWh) for each area have:

- increased by 11.00¢ from prior approved costs of 53.83¢ per kWh to 64.83¢ per kWh (FY09) for Anaktuvuk Pass;
- decreased by 1.23¢ from prior approved costs of 55.13¢ per kWh to 53.90¢ per kWh (FY09) for Point Hope;
- increased by 6.89¢ from prior approved costs of 36.47¢ per kWh to 43.36¢ per kWh (FY09) for Nuiqsut;
- decreased by 7.17¢ from prior approved costs of 68.09¢ per kWh to 60.92¢ per kWh (FY09) for Point Lay;

- increased by 16.94¢ from prior approved costs of 44.15¢ per kWh to 61.09¢ per kWh (FY09) for Wainwright;
- decreased by 11.79¢ from prior approved costs of 63.31¢ per kWh to 51.52¢ per kWh (FY09) for Kaktovik;
- decreased by 58.11¢ from prior approved costs of 96.17¢ per kWh to 38.06¢ per kWh (FY09) for Atqasuk.

Total operating expenses reported in the FY2008 Comprehensive Annual Financial Report for the NSPL Enterprise Fund were \$20,170,704. The FY09 operating expense total of \$22,571,679 represents an increase of \$2,400,975 or 11.9% over the reported 2008 operating expenses.

The primary factor in determining PCE rates are the rates charged to customers by NSLP: the Residential rate is 15¢/kWh², the Community Facilities rate is 20¢/kWh for the first 1,000 kWh and 35¢/kWh for Community Facility usage from 1,001 kWh to 10,000 kWh. These rates less the current PCE base rate of 14.12¢ yields maximum PCE levels of 0.88¢, 5.88¢, and 20.88¢, respectively. These maximum levels are maintained, regardless of the level of PCE fuel and non-fuel expenses approved.

Total sales have increased 3,897,813 kWh from prior approved sales of 28,281,261 kWh to 32,179,074 kWh. This equates to a 13.78% increase in sales from prior approved period to FY09.

FY09 fuel efficiency ratios (in kWhs per gallon) for NSPL's seven locations were: 12.60 (Anaktuvuk Pass), 16.61 (Point Hope), 17.10 (Nuiqsut), 13.49 (Point Lay), 12.64 (Wainwright), 17.86 (Kaktovik), and 9.62 (Atqasuk). Under 3 AAC 52.620(c), the minimum fuel efficiency standard for each village is 12.50 kWh generated per gallon. Staff noted

² The Nuiqsut area is the exception, which effective July 1, 2009, changed its residential rate to 8¢/kWh.

that the efficiency ratio for Point Lay did not meet the minimum standards and was adjusted accordingly **(see Appendix 2, page 2, sections A, C and F).**

FY09 line loss calculations for NSPL's ((kWh generated-kWh sold)/Kwh generated) seven locations were 4.95% (Anaktuvuk Pass), 19.55% (Point Hope), 10.50% (Nuiqsut), 31.60% (Point Lay), 6.56% (Wainwright), 11.16% (Kaktovik), and 20.91% (Atkasuk). Under 3 AAC 52.620 (b) the line loss standard for all areas is 12%. Each area where the line loss minimum standard was not achieved had kWh sales adjusted accordingly **(see Appendix 2, page 2, sections E and G).**

Staff's detailed analysis of this filing follows:

Analysis

Non-Fuel Costs

NSPL submitted a trial balance showing total operating expenses incurred for FY09 to be \$22,571,679. Staff was able to reconcile that amount to the amount reported in The Statement of Revenues, Expenses, and Changes in Fund Equity for the North Slope Borough, Enterprise Funds-Power and Light for the year ended June 30, 2009, which showed the same total of operating expenses³, 22,571,679. Staff then relied on the independent auditor's opinion that the financial statements present fairly, in all material respects, the respective financial position of the business type activities of the NSB as of June 30, 2009. The expense categories reported in the financial statements were Salaries and Benefits, Depreciation, Contractual and Professional Fees, and Other Operating Expenses.

³ As defined in the Notes to Financial Statements of the North Slope Borough, "Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets."

Personnel Expenses reported by NSPL through its trial balance showed expenses of \$5,041,987, identical to those reported in the audited financial statements. This amount equates to an expense of 14.83¢/kWh. Accounts included in personnel expenses included regular wages (permanent and temporary), overtime wages (permanent and temporary), and benefits (permanent and temporary). The majority of the expense was for permanent regular wages and for permanent benefits.

Power Plant Parts & Supplies (PPP&S) expense reported by NSLP totaled \$234,610 for all locations⁴. This amount equates to an expense of 0.69¢/kWh. Accounts categorized by Staff for inclusion in this category were uniforms, protective gear, small tools, heating and electrical supplies, and others.

Repairs & Maintenance (R&M) expense reported by NSLP totaled \$371,274 for all locations. This amount equates to an expense of 1.10¢/kWh. Accounts categorized by Staff for inclusion in this category were generator maintenance, facility maintenance, equipment maintenance, and others.

General & Administrative (G&A) expense reported by NSLP totaled \$2,358,682 for all locations. This amount equates to an expense of 6.98¢/kWh. Accounts categorized by Staff for inclusion in this category were phone, postage, insurance, other services, testing, miscellaneous services, and others.

Depreciation Expense was reported by NSPL totaled \$3, 834,763. Financial statements indicated that NSPL's plant is funded with contributed capital through the proceeds of General Obligation (GO) Bonds. Staff asked Mr. Hermon if all utility capital assets are financed through GO bonds, he replied by stating that, "All capital assets are financed by GO bonds. The Borough, not the utility, repays the bonds". Staff recommends **Adjustment**

⁴ Staff categorized expenses shown in the trial balance based on the description of the account to fit into one of the following categories, consistent with past practice: Power Plant Parts and Supplies, Repairs and Maintenance, General and Administration, and Depreciation Expense.

1, to reduce depreciation expense by \$3,834,763 from \$3,834,763 to \$0, pursuant to 3 AAC 52.630⁵.

Fuel Costs

Fuel costs were reported in the financial statements under other operating expenses. Total fuel costs reported in the trial balance for all seven areas totaled \$10,757,364. NSPL reported all of its FY09 fuel purchases along with its annual filing, rather than as fuel was delivered. Staff verified NSPL's calculation of weighted average costs of fuel for the test period. Staff, through analysis and questions asked of NSPL, determined that several minor corrections were necessary to the fuel calculations provided by NSPL. These revisions corrected minor errors in the submitted spreadsheet calculations and the inclusion of some fuel costs that were included in the filing, but were not used for the generation of electricity.

Fuel Efficiency

The fuel efficiency ratio for Atqasuk did not meet the efficiency standards set forth under 3 AAC 52.620(c), which requires a minimum of 12.50 kWh per gallon for utilities that have sales between 1,000,000 kWh and 9,999,999 kWh. Staff recommends **Adjustment 2** to reduce Atqasuk's reported fuel consumption of 415,248 gallons by 95,586 gallons to equal 319,662 gallons. This adjustment makes Atqasuk's efficiency ratio equal 12.50 kWh per gallon and brings it back into compliance with PCE regulations (**see Appendix 2, page 2 sections A, C, and F**).

Line Loss

The line loss standard under 3 AAC 52.620 (b), requires line loss to be less than or equal to 12% for all electricity sold, and is measured as all kilowatt-hours generated or

⁵ 3 AAC 52.630 (2) – Depreciation expense is not allowed on plant funded with grants, contributions in aid of construction, or other nonutility money (emphasis added)

purchased, from whatever source, minus kilowatt-hours sold, divided by all kilowatt-hours generated or purchased. This standard was not achieved by the Point Hope, Point Lay, and Atqasuk areas. Staff recommends **Adjustment 3** to adjust kWh sold to impute a line loss of 12%, as follows:

- Point Hope - Increase kWh sold by 499,591 kWh, from the reported amount of 5,320,505 kWh to 5,820,096 kWh
- Point Lay – Increase kWh sold by 780,707 kWh, from the reported amount of 2,724,869 kWh to 3,505,576 kWh
- Atqasuk – Increase kWh sold by 356,042 kWh, from the reported amount of 3,160,238 kWh to 3,516,280 kWh

**NORTH SLOPE BOROUGH POWER AND LIGHT
PCE AND ELIGIBLE COST SUMMARY
FOR THE TEST PERIOD ENDING JUNE 30, 2009**

Village	Staff Recommended Costs			Staff Recommended PCE		
	PC38-1209			PC38-1209		
	Non Fuel Cost	Fuel Cost	Total Cost	Residential	Community	Community
	Per Staff	Per Staff	Per Staff	0-500 KWH	0-1000 kWh	1001-10000 kWh
	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)
Anaktuvuk Pass	0.2360	0.4124	0.6483	0.0088	0.0588	0.2088
Point Hope	0.2360	0.3031	0.5390	0.0088	0.0588	0.2088
Nuiqsut	0.2360	0.1977	0.4336	0.0000	0.0588	0.2088
Point Lay	0.2360	0.3732	0.6092	0.0088	0.0588	0.2088
Wainwright	0.2360	0.3750	0.6109	0.0088	0.0588	0.2088
Kaktovik	0.2360	0.2792	0.5152	0.0088	0.0588	0.2088
Atqasuk	0.2360	0.1446	0.3806	0.0088	0.0588	0.2088

Village	Prior Approved Costs			Prior Approved PCE		
	PC38-1002U			PC38-1002U		
	Non Fuel Cost	Fuel Cost	Total Cost	Residential	Community	Community
	Per Staff	Per Staff	Per Staff	0-500 KWH	0-1000 kWh	1001-10000 kWh
	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)	(KWH)
Anaktuvuk Pass	0.1193	0.4189	0.5383	0.0088	0.0588	0.2088
Point Hope	0.1193	0.4320	0.5513	0.0088	0.0588	0.2088
Nuiqsut	0.1193	0.2454	0.3647	0.0000	0.0588	0.2088
Point Lay	0.1193	0.5616	0.6809	0.0088	0.0588	0.2088
Wainwright	0.1193	0.3222	0.4415	0.0088	0.0588	0.2088
Kaktovik	0.1193	0.5137	0.6331	0.0088	0.0588	0.2088
Atqasuk	0.1193	0.8423	0.9617	0.0088	0.0588	0.2088

**North Slope Borough Power and Light
Trend Analysis
For the Test year Ending June 30, 2009**

	2001	2002	2009				
	PC38-1001 Amended Expenses	PC38-1002 Amended Expenses	PC38-1009 Utility Filing	Variance \$ %		PC38-1009 Staff Adjustments	PC38-1009 Amended Expenses
Personnel Expenses:							
Anaktuvuk Pass	270,101	283,067	766,589	483,522.62	170.82%	0	766,589
Point Hope	251,551	283,067	859,462	576,395.58	203.63%	0	859,462
Nuiqsut	261,121	283,067	553,546	270,479.55	95.55%	0	553,546
Point Lay	242,592	283,067	546,737	263,670.48	93.15%	0	546,737
Wainwright	296,267	283,067	765,394	482,326.87	170.39%	0	765,394
Kaktovik	302,228	283,067	811,784	528,717.66	186.78%	0	811,784
Atkasuk	243,739	283,067	711,473	428,406.79	151.34%	0	711,473
SUBTOTAL	\$ 1,867,602	\$ 1,981,467	\$ 5,014,987	3,033,519.55	153.09%	\$ -	\$ 5,014,987
cents per kWh	7.29	7.01	15.58			0.00	14.83
Power Plant Parts and Supplies:							
Anaktuvuk Pass	0	11,430	9,951	(1,479.04)	-12.94%	0	9,951
Point Hope	0	11,430	42,840	31,409.23	274.79%	0	42,840
Nuiqsut	0	11,430	54,051	42,620.10	372.87%	0	54,051
Point Lay	0	11,430	26,074	14,643.31	128.11%	0	26,074
Wainwright	0	11,430	55,596	44,165.66	386.39%	0	55,596
Kaktovik	0	11,430	26,545	15,114.61	132.23%	0	26,545
Atkasuk	0	11,430	19,553	8,122.68	71.06%	0	19,553
SUBTOTAL	\$ -	\$ 80,013	\$ 234,610	154,596.57	193.21%	\$ -	\$ 234,610
cents per kWh	0.00	0.28	0.73			0.00	0.69
Repairs and Maintenance:							
Anaktuvuk Pass	63,381	1,301	12,808	11,506.51	884.34%	0	12,808
Point Hope	63,381	1,301	87,312	86,010.46	6610.38%	0	87,312
Nuiqsut	63,381	1,301	89,127	87,826.05	6749.92%	0	89,127
Point Lay	63,381	1,301	78,529	77,228.09	5935.40%	0	78,529
Wainwright	63,381	1,301	46,436	45,135.22	3468.89%	0	46,436
Kaktovik	63,381	1,301	41,236	39,934.38	3069.18%	0	41,236
Atkasuk	63,381	1,301	15,826	14,525.14	1116.34%	0	15,826
SUBTOTAL	\$ 443,665	\$ 9,108	\$ 371,274	362,165.85	3976.35%	\$ -	\$ 371,274
cents per kWh	1.73	0.03	1.15			0.00	1.10
General and Administration:							
Anaktuvuk Pass	124,991	186,307	300,270	113,963	61.17%	0	300,270
Point Hope	123,948	186,307	255,071	68,764	36.91%	0	255,071
Nuiqsut	124,389	186,307	458,296	271,989	145.99%	0	458,296
Point Lay	125,153	186,307	275,374	89,067	47.81%	0	275,374
Wainwright	124,363	186,307	386,944	200,637	107.69%	0	386,944
Kaktovik	125,572	186,307	389,382	203,075	109.00%	0	389,382
Atkasuk	123,582	186,307	293,344	107,037	57.45%	0	293,344
SUBTOTAL	\$ 872,000	\$ 1,304,149	\$ 2,358,682	1,054,533	80.86%	\$ -	\$ 2,358,682
cents per kWh	3.40	4.61	7.33			0.00	6.98
Depreciation:						ADJ. #1	
Anaktuvuk Pass	0	0	823,614	823,614	100.00%	(823,614)	0
Point Hope	0	0	135,034	135,034	100.00%	(135,034)	0
Nuiqsut	0	0	885,199	885,199	100.00%	(885,199)	0
Point Lay	0	0	219,582	219,582	100.00%	(219,582)	0
Wainwright	0	0	676,090	676,090	100.00%	(676,090)	0
Kaktovik	0	0	597,284	597,284	100.00%	(597,284)	0
Atkasuk	0	0	497,960	497,960	100.00%	(497,960)	0
SUBTOTAL	\$ -	\$ -	\$ 3,834,762	3,834,762	100.00%	(3,834,762)	0
cents per kWh	0.00	0.00	11.92				0.00
Interest Expense:							
Anaktuvuk Pass	0	0	0				0
Point Hope	0	0	0				0
Nuiqsut	0	0	0				0
Point Lay	0	0	0				0
Wainwright	0	0	0				0
Kaktovik	0	0	0				0
Atkasuk	0	0	0				0
SUBTOTAL	\$ -	\$ -	\$ -	0.00	0.00%	\$ -	\$ -
cents per kWh	0.00	0.00	0.00			0.00	0.00
Other Costs:							
Anaktuvuk Pass	2,925	0	0				0
Point Hope	2,925	0	0				0
Nuiqsut	2,925	0	0				0
Point Lay	2,925	0	0				0
Wainwright	2,925	0	0				0
Kaktovik	2,925	0	0				0
Atkasuk	2,925	0	0				0
SUBTOTAL	\$ 20,474	\$ -	\$ -	0	0.00%	\$ -	\$ -
cents per kWh	0.08	0.00	0.00			0.00	0.00
Total Non- Fuel Cost	\$ 3,203,741	\$ 3,374,737	\$ 11,814,314	\$ 8,439,577	250.08%	(3,834,762)	\$ 7,979,552
Total KWH Sales	25,611,108	28,281,261	32,179,074			1,636,340	33,815,414
Non-Fuel Cost (cents/kWh)	12.51	11.93	36.71			-	23.60

North Slope Borough Power and Light

Power Cost Equalization Calculation

Annual Review

For the Test Period Ending June 20, 2009

Rate Schedule:

Residential 0-500 kWh

Current Funding Level: 100.0%

Base: 0.1412

Max: 0.8588

Non-Fuel Cost (NFC): 0.2360

Village

Anaktuvuk Pass
Point Hope
Nuiqsut
Point Lay
Wainwright
Kaktovik
Atkasuk

				Residential 0-500 kWh		
	Fuel Cost (KWH)	PCE Costs (\$KWH)	Cost Based PCE (\$KWH)	Rate (\$KWH)	Avg. Class Rate (\$KWH)	ACTUAL PCE (\$KWH)
Anaktuvuk Pass	0.4124	0.6483	0.4818	0.1500	0.0088	0.0088
Point Hope	0.3031	0.5390	0.3780	0.1500	0.0088	0.0088
Nuiqsut	0.1977	0.4336	0.2778	0.0800	0.0000	0.0000
Point Lay	0.3732	0.6092	0.4446	0.1500	0.0088	0.0088
Wainwright	0.3750	0.6109	0.4462	0.1500	0.0088	0.0088
Kaktovik	0.2792	0.5152	0.3553	0.1500	0.0088	0.0088
Atkasuk	0.1446	0.3806	0.2274	0.1500	0.0088	0.0088

PCE Costs = NFC+Fuel

Cost Based PCE= 95% of (PCE Costs - Base)

Average Class Rate = Rate- Base

Max = 95% of Maximum allowed PCE Costs (85.88 cents/kWh)

Actual PCE = Lesser of: Cost Based, Rate Based or Max, at Current Funding Level

PCE for AKP is Based on:

Rates

PCE for PHO is Based on:

Rates

PCE for NQT is Based on:

Rates

PCE for PLY is Based on:

Rates

PCE for AIN is Based on:

Rates

PCE for KAK is Based on:

Rates

PCE for ATQ is Based on:

Rates

North Slope Borough Power and Light
Power Cost Equalization Calculation
Annual Review
For the Test Period Ending June 20, 2009

Rate Schedule:

Community 0-1,000 kWh

Current Funding Level: 100.0% Base: 0.1412
Max: 0.8588
Non-Fuel Cost (NFC): 0.2360

Village	Community 0-1,000 kWh					
	Fuel Cost (\$KWH)	PCE Costs (\$KWH)	Cost Based PCE (\$KWH)	Rate (\$KWH)	Avg. Class Rate (\$KWH)	ACTUAL PCE (\$KWH)
Anaktuvuk Pass	0.4124	0.6483	0.4818	0.2000	0.0588	0.0588
Point Hope	0.3031	0.5390	0.3780	0.2000	0.0588	0.0588
Nuiqsut	0.1977	0.4336	0.2778	0.2000	0.0588	0.0588
Point Lay	0.3732	0.6092	0.4446	0.2000	0.0588	0.0588
Wainwright	0.3750	0.6109	0.4462	0.2000	0.0588	0.0588
Kaktovik	0.2792	0.5152	0.3553	0.2000	0.0588	0.0588
Atkasuk	0.1446	0.3806	0.2274	0.2000	0.0588	0.0588

PCE Costs = NFC+Fuel
Cost Based PCE= 95% of (PCE Costs - Base)
Average Class Rate = Rate- Base
Max = 95% of Maximum allowed PCE Costs (85.88 cents/kWh)
Actual PCE = Lesser of: Cost Based, Rate Based or Max, at Current Funding Level

PCE for AKP is Based on: Rates
PCE for PHO is Based on: Rates
PCE for NQT is Based on: Rates

PCE for PLY is Based on: Rates

PCE for AIN is Based on: Rates
PCE for KAK is Based on: Rates
PCE for ATQ is Based on: Rates

North Slope Borough Power and Light
Power Cost Equalization Calculation
Annual Review
For the Test Period Ending June 20, 2009

Rate Schedule:

Community 1,001-Above kWh

Current Funding Level: 100.0% Base: 0.1412
Max: 0.8588
Non-Fuel Cost (NFC): 0.2360

Village				Community 1,001-Above kWh		
	Fuel Cost (KWH)	PCE Costs (\$KWH)	Cost Based PCE (\$KWH)	Rate (\$KWH)	Avg. Class Rate (\$KWH)	ACTUAL PCE (\$KWH)
Anaktuvuk Pass	0.4124	0.6483	0.4818	0.3500	0.2088	0.2088
Point Hope	0.3031	0.5390	0.3780	0.3500	0.2088	0.2088
Nuiqsut	0.1977	0.4336	0.2778	0.3500	0.2088	0.2088
Point Lay	0.3732	0.6092	0.4446	0.3500	0.2088	0.2088
Wainwright	0.3750	0.6109	0.4462	0.3500	0.2088	0.2088
Kaktovik	0.2792	0.5152	0.3553	0.3500	0.2088	0.2088
Atkasuk	0.1446	0.3806	0.2274	0.3500	0.2088	0.2088

PCE Costs = NFC+Fuel
Cost Based PCE= 95% of (PCE Costs - Base)
Average Class Rate = Rate- Base
Max = 95% of Maximum allowed PCE Costs (85.88 cents/kWh)
Actual PCE = Lesser of: Cost Based, Rate Based or Max, at Current Funding Level

PCE for AKP is Based on: Rates
PCE for PHO is Based on: Rates
PCE for NQT is Based on: Rates

PCE for PLY is Based on: Rates

PCE for AIN is Based on: Rates
PCE for KAK is Based on: Rates
PCE for ATQ is Based on: Rates

NORTH SLOPE BOROUGH POWER AND LIGHT

SCHEDULE OF ELIGIBLE NON-FUEL COSTS, AND SALES

FOR TEST YEAR ENDING JUNE 30, 2009

ANNUAL REVIEW

Non-Fuel Costs:	Prior Approved PC38-1002	Per Utility PC38-1009	Staff Adjustments	Per Staff PC38-1009
A. Personnel Costs	1,981,467	5,014,987	-	5,014,987
B. Power Plant Parts/ Supplies	80,013	234,610	-	234,610
C. Repairs and Maintenance	9,108	371,274	-	371,274
D. General & Administrative	1,304,149	2,358,682	-	2,358,682
E. Depreciation	-	3,834,762	ADJ#1 (3,834,762)	-
F. Interest Expense	-	-	-	-
G. Other	-	-	-	-
H. Total Non-Fuel Costs	\$3,374,737	\$11,814,314	\$ (3,834,762)	\$7,979,552
I. Total kWh Sold	28,281,261	32,179,074	1,636,340	33,815,414
J. Total kWh Generated	31,250,977	36,434,275		36,434,275
K. Non-Fuel Cost/kWh (H / I)	0.1193	0.3671		0.2360

NORTH SLOPE BOROUGH POWER AND LIGHT
SCHEDULE OF ELIGIBLE FUEL COSTS, EFFICIENCY, AND LINE LOSS INFORMATION
FOR THE TEST PERIOD ENDING JUNE 30, 2008
ANNUAL REVIEW

	Village	Prior Approved PC38-1002U	Per Utility PC38-1209	Staff Adjustments	Per Staff PC38-1209
A Fuel Consumed (Gallons)	Anaktuvuk Pass	281,201	315,884	ADJ#2 -	315,884
	Point Hope	875,000	398,170	-	398,170
	Nuiqsut	238,717	308,426	-	308,426
	Point Lay	500,051	295,346	-	295,346
	Wainwright	659,993	495,079	-	495,079
	Kaktovik	620,186	354,130	-	354,130
	Atkasuk	505,437	415,248	(95,586.16)	319,662
B Fuel Cost Per Gallon (Dollars)	Anaktuvuk Pass	\$ 5.4600	\$ 4.9400	\$ -	\$ 4.9400
	Point Hope	\$ 2.7800	\$ 4.4300	\$ -	\$ 4.4300
	Nuiqsut	\$ 4.3000	\$ 3.0254	\$ -	\$ 3.0254
	Point Lay	\$ 2.7800	\$ 4.4300	\$ -	\$ 4.4300
	Wainwright	\$ 2.7800	\$ 4.4300	\$ -	\$ 4.4300
	Kaktovik	\$ 2.7800	\$ 4.4300	\$ -	\$ 4.4300
	Atkasuk	\$ 5.4600	\$ 1.5911	\$ -	\$ 1.5911
C Fuel Consumed (Fuel * Cost / Gallon)	Anaktuvuk Pass	1,535,357	\$ 1,560,467	ADJ#2 -	1,560,467
	Point Hope	2,432,500	\$ 1,763,893	-	1,763,893
	Nuiqsut	1,026,483	\$ 933,113	-	933,113
	Point Lay	1,390,142	\$ 1,308,383	-	1,308,383
	Wainwright	1,834,781	\$ 2,193,200	-	2,193,200
	Kaktovik	1,724,117	\$ 1,568,796	-	1,568,796
	Atkasuk	2,759,686	\$ 660,701	(152,087)	508,614
D kWh Generated	Anaktuvuk Pass	3,988,800	3,981,408	-	3,981,408
	Point Hope	5,911,052	6,613,745	-	6,613,745
	Nuiqsut	4,900,037	5,274,364	-	5,274,364
	Point Lay	3,305,989	3,983,609	-	3,983,609
	Wainwright	5,849,708	6,260,186	-	6,260,186
	Kaktovik	3,778,600	6,325,190	-	6,325,190
	Atkasuk	3,516,791	3,995,773	-	3,995,773
E kWh Sales	Anaktuvuk Pass	3,664,783	3,784,245	ADJ #3 -	3,784,245
	Point Hope	5,631,046	5,320,505	499,591	5,820,096
	Nuiqsut	4,183,593	4,720,686	-	4,720,686
	Point Lay	2,475,459	2,724,869	780,707	3,505,576
	Wainwright	5,694,165	5,849,236	-	5,849,236
	Kaktovik	3,355,977	5,619,295	-	5,619,295
	Atkasuk	3,276,238	3,160,238	356,042	3,516,280
F Efficiency (kWh Generated / Gallons Consumed) Standard: >= 12.50	Anaktuvuk Pass	13.03	12.60	ADJ#2 -	11.98
	Point Hope	6.44	16.61	-	14.62
	Nuiqsut	17.53	17.10	-	15.31
	Point Lay	4.95	13.49	-	11.87
	Wainwright	8.63	12.64	-	11.81
	Kaktovik	5.41	17.86	-	15.87
	Atkasuk	6.48	9.62	2.88	12.50
G Line Loss (kWh Gen.-kWh Sold) / kWh Gen.	Anaktuvuk Pass	8.12%	4.95%	ADJ #3 0.00%	4.95%
	Point Hope	4.74%	19.55%	7.55%	12.00%
	Nuiqsut	14.62%	10.50%	0.00%	10.50%
	Point Lay	25.12%	31.60%	19.60%	12.00%
	Wainwright	2.66%	6.56%	0.00%	6.56%
	Kaktovik	11.18%	11.16%	0.00%	11.16%
	Atkasuk	6.84%	20.91%	8.91%	12.00%
H Fuel Cost Per kWh (Fuel \$ / kWh Sold)	Anaktuvuk Pass	\$ 0.4189	\$ 0.4124		\$ 0.4124
	Point Hope	\$ 0.4320	\$ 0.3315		\$ 0.3031
	Nuiqsut	\$ 0.2454	\$ 0.1977		\$ 0.1977
	Point Lay	\$ 0.5616	\$ 0.4802		\$ 0.3732
	Wainwright	\$ 0.3222	\$ 0.3750		\$ 0.3750
	Kaktovik	\$ 0.5137	\$ 0.2792		\$ 0.2792
	Atkasuk	\$ 0.8423	\$ 0.2091		\$ 0.1446

North Slope Borough Power and Light
Calculation of Average Class Rates Per kWh
For the Test Period Ending June 30, 2009

Rate Schedule: Residential -Area Wide

(1) Block (by kWh)	(2) Rate (per kWh)	(3) Surcharge (per kWh)	(4) Total (\$/kWh) (2)+(3)	(5) Total (\$) (1)x(4)	(6) Avg. (\$/kWh) (5)/(1)	(7) Avg. rate (\$/kWh)- \$ 0.1412
0 to 500	0.1500		0.1500	75.000		
to						
to						
Max 500				75.0000	0.1500	0.0088

Rate Schedule: Community- Area Wide

(1) Block (by kWh)	(2) Rate (per kWh)	(3) Surcharge (per kWh)	(4) Total (\$/kWh) (2)+(3)	(5) Total (\$) (1)x(4)	(6) Avg. (\$/kWh) (5)/(1)	(7) Avg. rate (\$/kWh)- \$ 0.1412
0 to 1000	0.2000		0.2000	200.00	0.2000	0.0588
1001 to 99999	0.3500		0.3500	34999.65	0.3500	0.2088
10001 to 99999						

Rate Schedule: Residential-Nuiqsut

(1) Block (by kWh)	(2) Rate (per kWh)	(3) Surcharge (per kWh)	(4) Total (\$/kWh) (2)+(3)	(5) Total (\$) (1)x(4)	(6) Avg. (\$/kWh) (5)/(1)	(7) Avg. rate (\$/kWh)- \$ 0.1412
0 to 1000	0.0800		0.0800	80.00	0.0800	0.0000
1001 to 10000						
10001 to 99999						